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C O N F I D E N T I A L SECTION 01 OF 02 STATE 123845

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TAGS: ENRG EPET ETRD PGOV PHUM PREL AJ IZ

SUBJECT: AZERBAIJAN AND THE OIC: LENDING SUPPORT TO THE GOI

REF: A. BAKU 994

- 1B. STATE 109400
- 1C. STATE 109375
- 1D. BAKU 980

Classified By: DEPUTY ASSISTANT SECRETARY ROBERT GODEC,  
REASONS 1.4 (B) AND (D)

11. (U) This is an action request. Please see paragraph 3.

12. (C) Washington read reftel (A) with interest. The willingness of the international community, particularly Iraq's neighbors and its Islamic partners, to support Iraq will be critical to Iraq's success. The U.S. welcomes Azerbaijan's interest in using its Chairmanship of the OIC Foreign Ministers Conference to lend support to the GOI and urges further Azerbaijani/OIC engagement in Iraq.

13. (C) Washington requests that Embassy Baku approach Azerbaijani government officials at the appropriate level and at the earliest opportunity to encourage their interest in supporting the GOI. Post may draw on the points at paragraph 4 as appropriate. Background on the International Compact can be found at paragraph 5. Post is requested to leave information in paragraph 5 regarding the International Compact as a non-paper for the appropriate interlocutor(s).

14. (C) Begin points:

-- We thank Azerbaijan for its commitment to stand shoulder-to-shoulder with the international community in Iraq. Your contributions to MNF-I continue to be appreciated.

-- We encourage you to establish an Azerbaijani mission in Iraq and to issue invitations to Prime Minister Maliki and other senior Iraqi officials to visit your country.

-- The U.S. welcomes Azerbaijan's interest in using its Chairmanship of the OIC Foreign Ministers Conference to further lend support to the GOI and encourages further Azerbaijani/OIC engagement in Iraq.

-- The willingness of the international community, particularly Iraq's neighbors and its Islamic partners, to support Iraq -- to forgive debt; to financially assist; and to develop productive bilateral diplomatic, economic and security ties -- will be critical to Iraq's success.

-- We applaud your decision to open an OIC office in Baghdad. What is the GOA's time frame for doing so?

-- We also applaud Azerbaijan's commitment to building OIC support for Iraq's security and law enforcement agencies. Have your plans progressed further at all since our initial conversations regarding the issue?

-- The government of Iraq has made the significant decision to forge an extraordinary "Compact" with the international community. The United Nations is co-chairing the preparation of this Compact, with the support of the World Bank. On July 27, Iraq and the UN announced the launch of the Compact, which will set out the Iraqi Government's vision for the next five years of how to become a united, federal, democratic country well on its way to sustainable economic self-sufficiency and prosperity. Under the Compact, Iraq will commit to reforms, in exchange for which the international community will invest in Iraq's future.

-- Iraq and the UN are in the initial stages of drafting the Compact at present. As the Compact develops, we hope that we can count on Azerbaijan and the OIC's support.

#### 15. (SBU) International Compact for Iraq

On July 27, Iraq and the UN issued the following joint statement on the launch of the International Compact with Iraq.

The Government of Iraq and the United Nations announce the formal launch of the International Compact with Iraq. This Compact is an initiative of the Government of Iraq for a new partnership with the international community. The Compact, jointly chaired by the Government of the Republic of Iraq and the United Nations, with the support of the World Bank, will,

STATE 00123845 002 OF 002

over the next five years, bring together the international community and multilateral organizations to help Iraq achieve its National Vision.

The Government's vision is that five years from now, Iraq shall be a united, federal and democratic country, at peace with its neighbors and itself, well on its way to sustainable economic self-sufficiency and prosperity and well integrated in its region and the world. Guided by the Millennium Development Goals, the Government will work to meet basic needs, protect the rights of all citizens and ensure the optimal use of the country's resources for the common good.

To achieve this vision, the Government of Iraq has undertaken to make progress on political inclusion and consensus building, on the rule of law, and on the establishment of professional security forces. The Government of Iraq is committed to tackling corruption, creating a transparent and efficient oil sector, developing a solid budgetary framework, improving governance, and building and consolidating effective national institutions. The United Nations is committed to support and facilitate the Compact, through its mission and agencies in Iraq and the good offices of the Secretary-General and his representatives.

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The Government of Iraq recognizes that good governance and resolution of security and political challenges are pre-requisites for progress in all other areas, including economic revival and normalization. It will therefore make every effort in the coming period to realize these conditions, with the assistance of regional and international partners, in order to achieve the Compact's primary focus: building a framework for Iraq's economic transformation and integration into the regional and global economy.

In their capacity as co-chairs, the Government of Iraq and the United Nations have appointed an executive committee that will also include the World Bank, IMF, and other regional financial institutions, and which will manage the process towards the adoption of the Compact and beyond. The Executive Committee will assist the Government to formulate a strategy for economic regeneration and fundamental reforms

for integrating Iraq within the regional and global communities.

The co-chairs will also work with a preparatory group of countries and organizations to develop the Compact via a consultative process. This group will provide support, advice and guidance on the Compact. In September, broader consultations with the international community will take place in New York at the next meeting of the UN General Assembly, followed by an update to Finance Ministers at the annual World Bank/IMF meeting in Singapore.

It is envisaged that the finalized Compact, including key priorities, benchmarks, and commitments, will be presented by the Government of Iraq by the end of 2006. We invite the international community to commit their support to the process that we have begun today, and ultimately to join as valued partners in the International Compact with Iraq.

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